



SGGF IV

Creating economic wealth and diversification through investment of immigrant investor capital in Saskatchewan.



**SASKATCHEWAN GOVERNMENT
GROWTH FUND IV LTD.**

Fund Profile & Financial Results	1
Board of Directors and Officers	2
Message to Investors	3
Investment Profiles	4
Management Discussion & Analysis	6
Responsibility for Financial Statements	8
Auditors' Report	9
Consolidated Financial Statements	10
Notes to the Consolidated Financial Statements	13
Historical Comparison	19
Corporate Data	20



Rebus Navigation Systems Inc.

Buster Inc.

Cover Photo Credit: Tourism Saskatchewan/Douglas E. Walker

Saskatchewan is a haven for wildlife! At every time of year, and in every region you'll find something unique and exciting. In southwest Saskatchewan pronghorn antelope, unique to the prairies, are often seen right from the highway. Grasslands National Park contains habitat for sage grouse, mule deer and white-tailed deer and for endangered burrowing owls that nest in abandoned prairie dog holes. Prince Albert National Park's extensive network of backcountry trails and canoe routes lead you through areas familiar to elk, white-tailed deer, moose, black bear and over 230 bird species. The Nicolle Flats area in Buffalo Pound Provincial Park (shown here) provides a lookout tower for visitors to observe bison and white-tailed deer. Trails and boardwalks invite a closer look at the array of bird life, which converges on the marsh.

FUND PROFILE

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV") is a government-administered venture capital fund pursuant to the Immigration Regulations, 1978 (Canada), as amended. It was formed to enable immigrant investors to invest in businesses operating in Saskatchewan and facilitate the investors' qualification as Canadian permanent residents under the Immigrant Investor Program.

FINANCIAL RESULTS

SGGF IV ended the year with an accumulated surplus of \$1 million, a decrease of \$800,000 from 2000. The decrease is due to provisions for investment losses.

A total of \$4.7 million was invested in eligible businesses during the year.

Revenue from investments was \$4.5 million, an increase of \$244,000 over 2000.

Since inception, over \$34.3 million of investment has been made in eligible businesses. Of this, \$13.6 million has been invested in small and medium-sized enterprises and \$4.2 million in low-risk infrastructure loans.

Notes outstanding at December 31 were \$30, with three new releases during the year.

In a subscription period that ended in 2000, SGGF IV raised \$54 million from 100 investors.



BOARD OF DIRECTORS AND OFFICERS

Gary Benson
President



Wilson Olive
Chair



Darrel Cunningham
Director



Joanne Forer
Director



Gordon Mertler
Director



Keith Rissling
Director



Grant Scharfstein
Director

2

FarmGro Organic Foods Inc.

Nelson Environmental Remediation Ltd.



MESSAGE TO INVESTORS

In 2001, the Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV" or the "Fund") completed the investment phase it had started several years earlier by investing \$2.7 million in eligible businesses. The Fund's focus shifted entirely to that of monitoring the existing investee companies and assisting them when possible.

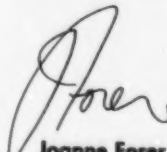
Although SGGF IV recorded a \$788,000 loss for the year because it had to absorb \$1.5 million in investment losses, the surplus at the end of the year was still in excess of \$1 million.

The emphasis in 2002 will still be on monitoring the investment portfolio and helping investee companies where we can. However, the end of 2002 will see the Fund move into its two-year repayment phase, as the first of the 130 investors will have his Note mature in January 2003.

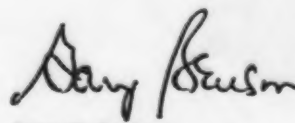
Investors need to be cautioned that there is a risk that they may not be paid their full \$250,000 at maturity. At the present time the Fund has over \$25 million in liquid securities and low risk infrastructure investments, which is very positive. On the other hand, there are \$6 million of investments in small Saskatchewan businesses, some of which are experiencing financial problems. The Fund may encounter difficulty in recovering this capital in time to repay investors as their Notes mature or some of it may not be recoverable at

all. In either case it may mean investors are paid something less than \$250,000 at maturity. The Board of Directors will assess the situation prior to the date the first Note is to be redeemed.

Throughout 2001, the Board of Directors held 6 meetings in person and 2 by teleconference. Gerry Edwards resigned from the Board in June of 2001 as he relocated out of the Province. In January of 2002, Wilson Olive and Grant Scharfstein resigned as directors. We thank them and the remainder of the directors for their dedicated contribution to the Board. Lloyd Boutilier and Roland ("Rollie") Hardy were appointed to the Board of Directors in February of 2002, and Joanne Forer was elected Chair.



Joanne Forer
Chair



Gary K. Benson
President

Perrigo Inc.

Big Sky Farms Inc.

Bushby Inc.

Morley Manufacturing

Nelson Environmental Remediation Ltd.

The following are company profiles of investments held by SGGF IV during 2001, including the approved investment level and a brief description of each company's operations.

INVESTMENT PROFILES

Big Sky Farms Inc.

\$1,000,000 Loan

Big Sky Farms, headquartered in Humboldt, Saskatchewan, operates a number of farrow to finish hog operations in Saskatchewan. These operations are among the largest hog production facilities in the province. The company is currently expanding to other areas of Saskatchewan.

Biostar Inc.

\$1,155,022 Common shares

Biostar is a Saskatoon-based biotechnology company using advanced technologies to develop and produce high value-added, bio-engineered vaccines for animals and humans. In 2000 SGGF's debt position was converted to shares and the company was sold for cash and an equity interest in another company.

ETEC Environmental Technologies Equipment Corporation

\$750,000 Loan

ETEC, based in Saskatoon, Saskatchewan, develops, manufactures and markets environmentally responsible equipment for the golf and turf maintenance market.

FarmGro Organic Foods Inc.

\$1,250,000 Loan

FarmGro Organic Foods, located outside Regina, Saskatchewan, is an organic flour milling, cleaning and bagging facility for organic grains, specialty crops and seeds.

Flatland Exploration Ltd.

\$1,250,000 Loan

Flatland Exploration is a Regina-based company involved in the exploration, development and production of oil and natural gas.

Herc Oil Corporation

\$1,500,000 Common shares

Herc Oil Corporation, headquartered in Regina, Saskatchewan, operates in the southeast part of the province and is engaged in the exploration for and development of crude oil producing properties. SGGF converted its debt position into common shares in 2000. In 2001 the company was sold and SGGF was able to realize a significant gain on its holdings.

Master Manufacturing

\$750,000 Loans

Master Manufacturing, located in Moose Jaw, Saskatchewan, manufactures a broad range of pre-engineered all-steel buildings and building components.

4

Biostar Inc.

Big Sky Farms Inc.

FarmGro Organic Foods Inc.

Flatland Exploration Ltd.



Nelson Environmental Remediation Ltd.**\$1,300,000 Loans**

Nelson Environmental Remediation Ltd. provides soil reclamation and remediation services to owners of contaminated sites throughout western Canada, the United States and Europe.

Parkland Strawboard (1998) Inc.**\$750,000 Loan**

Parkland Strawboard manufactures strawboard by a process of compressing wheat straw with a resin to create high quality and moisture resistant board used in both the furniture and construction industry. The company is located in Kamsack, Saskatchewan.

Pelorus Navigation Systems Inc.**\$500,000 Loan**

Pelorus is a Saskatoon-based company that develops advanced airport navigation landing systems using the global positioning system (GPS). It markets its product to airports around the world.

Peragis Inc.**(formerly Points North Digital Technologies Inc.)****\$1,483,750 Common shares**

Peragis, located in Saskatoon, Saskatchewan, is a travel technologies company involved in travel information systems development. In addition, its assets include Canada's third largest retail travel agency network. The company's shares trade on the Canadian Venture Exchange. In January 2001 trading in the company's shares was halted and SCGF wrote off its investment in Peragis during the year.

Walker Seeds Ltd.**\$750,000 Loan**

Located in Star City, Saskatchewan, Walker Seeds is a vertically integrated company that cleans, processes, bags and exports specialty crops including peas, lentils and birdseed.

CAJON Leasing**\$14,738,019 Loans**

CAJON is located in Regina, Saskatchewan and purchases vehicles for lease to Saskatchewan Crown corporations.

R & R Leasing**\$3,575,654 Loans**

This Saskatoon, Saskatchewan-based entity purchases equipment for lease to Saskatchewan Crown corporations.

Water Monitoring
Water Monitoring

Nelson Environmental Remediation Ltd.

Pelorus Navigation Systems Inc.

Peragis Inc.

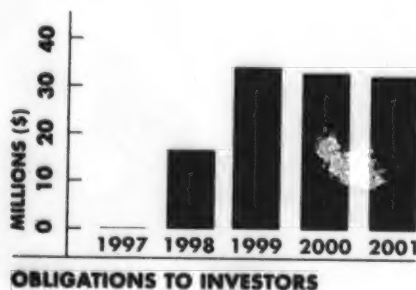


MANAGEMENT DISCUSSION AND ANALYSIS

SGGF IV ended the year with an accumulated surplus of \$1.0 million, a decrease of \$800,000 over 2000. The decrease is primarily due to provisions for losses on investments. During the year \$1.8 million of investments and costs were written off.

Over the past several years the focus of the fund has been on the investment of capital in Saskatchewan businesses. Investor repayments are scheduled to begin in January 2003.

The investment policy of the fund was to invest up to 50% of the subscription proceeds raised in low risk infrastructure loans, up to 30% in small and medium-sized Saskatchewan enterprises (SMEs) (60% as debt, 40% as equity) and the remainder in low risk debt instruments. When the fund neared full investment in 2000, 47.1% of the proceeds were invested in low risk infrastructure loans and 24.4% in SME investments (59% debt, 41% equity).



Investment Activities

In 2001 a total of \$2.4 million was approved for investment in new investments in two businesses and one follow-on investment in a company already in the portfolio. This compares to 2000 when \$6.8 million was approved for investment in two businesses and three follow-on investments. Of the \$32.4 million approved to date for investment, a total of \$18.3 million has been targeted for low risk infrastructure loans.

A total of \$2.7 million, including 2001 approvals and funds committed in 2000, was invested in eligible businesses during the year. This was comprised entirely of investments in SMEs. This compares to 2000 when \$7.0 million was invested with \$1.6 million (23%) invested in SMEs and \$5.4 million (77%) in infrastructure loans.

In 2001 a company with which SGGF IV was associated sold its equipment on operating leases. The acquirers were extended loans to purchase the leased assets with repayment of the loans to SGGF IV continuing uninterrupted on essentially the same terms as those of the vendor.

To December 31, 2001 a total of \$31.3 million of investment has been made. This is made up of \$18.3 million of low-risk infrastructure loans and \$13.0 million of SME investment (69% debt and 31% equity).

Revenue from investments, including infrastructure loans, for the year was \$4.3 million and is comparable to 2000 when \$3.9 million was earned. This reflects the relatively stable level of investment throughout the years.

Investor Activities

At December 31, 2001 one hundred thirty (130) Notes were outstanding compared to one hundred thirty-three (133) in 2000. Three (3) visa refusals were processed during the year, resulting in a refund of the investors' capital.

Note redemptions are scheduled to begin in January 2003 when one (1) Note matures. This will be followed by an additional sixty-three (63) maturities in 2003 and sixty-six (66) maturities in 2004.

Under the terms of the Confidential Offering Memorandum for SGGF IV, all investors with a Note outstanding at December 31, 2000 were paid 1 1/2% Note interest for the year.



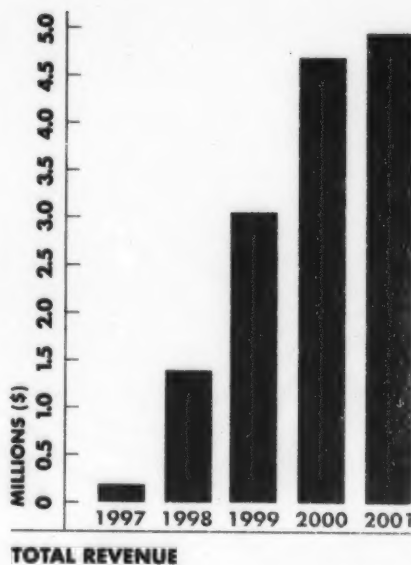
Operating Activities

Interest earned on cash and portfolio investments decreased \$112,000 from 2000 because of reduced interest rates during the year. These revenues are used to pay for the ongoing operating costs of the fund and to provide investors with a nominal return.

In October 2000, the administration and investment advisory services previously provided to SGGF IV by SGGF Management Corporation were contracted out to a private fund manager. The fund manager is paid a monthly fee for its services and will receive a share of the net profits, if any, of the fund after all liabilities, including full repayment of investor obligations, of the fund have been paid.

Administration costs reflect expenditures related to the ongoing operations of the fund and its investments. As a percentage of total assets managed, these costs amounted to 1.75% in 2001 compared to 1.11% in 2000. The increase reflects a difference in the base on which management fees are calculated. Previously, fees were based on actual costs plus a markup whereas they are currently based on obligations to investors.

Included in administration costs is a \$189,000 (2000 - \$468,000) provision for future fees payable to the fund manager and investment advisors under the terms of their respective agreements with SGGF IV. The advisors' fees are payable upon liquidation of their portfolio under management and upon the achievement of certain performance targets.



Note Maturity

Cash from divestments will be used to redeem Notes as they mature. However, a number of the investments held by SGGF IV are of such a nature that the timing of and value at liquidation cannot be predicted with absolute certainty. While at the present time SGGF IV does expect to repay the Notes in full when they mature, there is a risk that the fund will encounter difficulty in liquidating investments at an amount close to fair value at the time required to redeem the Notes.

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The President and fund manager carry out management of the fund. The accompanying consolidated financial statements of the Saskatchewan Government Growth Fund IV Ltd. have been prepared by management in accordance with Canadian generally accepted accounting principles, and necessarily include some amounts based on informed judgement and estimates of management or the Board of Directors. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

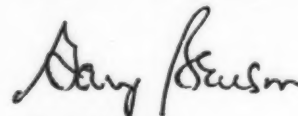
Deloitte & Touche, the corporation's independent auditors, have examined the consolidated financial statements of the corporation. The scope of their examination and their opinion on whether these financial statements present fairly the corporation's financial position and operating results are given in the Auditors' Report.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility to the ongoing operation. Management maintains an appropriate system of internal accounting and administrative controls,

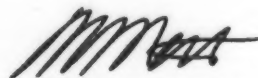
policies and procedures to provide reasonable assurance that all financial information is relevant, reliable and accurate and that all transactions are authorized, assets are safeguarded and proper records are maintained.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and ultimately responsible for reviewing and approving these consolidated financial statements.

On behalf of management,



Gary K. Benson
President



Mike Merth, CA, CMA
Crown Capital Partners Inc.



AUDITORS' REPORT

To the Shareholder and Investors of Saskatchewan Government Growth Fund IV Ltd.:

We have audited the Consolidated Statement of Financial Position of Saskatchewan Government Growth Fund IV Ltd. as at December 31, 2001, and the Consolidated Statement of Operations and Retained Earnings and Consolidated Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and

disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

January 31, 2002

CONSOLIDATED FINANCIAL STATEMENTS

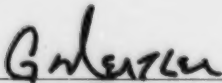
Saskatchewan Government Growth Fund IV Ltd.
(Incorporated under The Business Corporations Act of Saskatchewan)
Consolidated Statement of Financial Position
As at December 31

	2001	2000
Assets		
Cash	\$ 5,036,545	\$ 2,888,549
Portfolio investments (Note 4)	10,364,247	9,434,565
Accounts receivable and accrued income	703,549	583,206
Investments (Note 5)	17,106,196	8,878,523
Equipment on operating leases (Note 6)	-	12,502,193
Deferred costs (Note 7)	1,059,824	1,594,690
	<u>\$ 34,270,361</u>	<u>\$ 35,881,726</u>
Liabilities and Shareholder's Equity		
Accounts payable and accrued liabilities (Note 8)	\$ 553,260	\$ 552,648
Commissions payable	182,250	252,250
Accrued interest payable to investors	-	3,750
Obligations to investors (Note 9)	32,500,000	33,250,000
	<u>33,235,510</u>	<u>34,058,648</u>
Share capital (Note 10)	1,000	1,000
Retained earnings	1,033,851	1,822,078
	<u>1,034,851</u>	<u>1,823,078</u>
	<u>\$ 34,270,361</u>	<u>\$ 35,881,726</u>

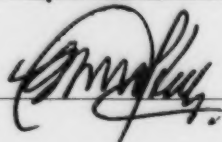
Commitments (Note 15)

See accompanying notes to the consolidated financial statements

On behalf of the Board:



Director



Director

Saskatchewan Government Growth Fund IV Ltd.
Consolidated Statement of Operations and Retained Earnings
For the Year Ended December 31

	2001	2000
Revenues		
Interest from cash and portfolio investments	\$ 635,315	\$ 747,163
Income from investments	1,151,675	1,113,886
Lease revenue	3,122,194	2,816,457
Other income	28,500	23,000
	<u>4,937,684</u>	<u>4,700,506</u>
Provision for investment losses	1,547,850	(38,771)
Net revenue	<u>3,389,834</u>	<u>4,739,277</u>
Expenses		
Administration (Note 12)	673,914	838,973
Interest on obligations to investors	493,685	504,467
Amortization of equipment on operating leases	2,513,090	2,175,120
Amortization of deferred costs	497,372	507,916
	<u>4,178,061</u>	<u>4,026,476</u>
Net (loss) income	(788,227)	712,801
Retained earnings, beginning of year	1,822,078	1,109,277
Retained earnings, end of year	<u>\$ 1,033,851</u>	<u>\$ 1,822,078</u>

See accompanying notes to the consolidated financial statements

Saskatchewan Government Growth Fund IV Ltd.

Consolidated Statement of Cash Flows

For the Year Ended December 31

	2001	2000
Cash flows from operating activities		
Net (loss) income	\$ (788,227)	\$ 712,801
Adjustments:		
Amortization of equipment on operating leases	2,513,090	2,175,120
Amortization of deferred costs	497,372	507,916
Provision for investment losses	1,547,850	(38,771)
Net change in non-cash balances related to operations (Note 13)	(172,069)	136,137
Cash flows from operating activities	<u>3,598,016</u>	<u>3,493,203</u>
Cash flows from investing activities		
Purchase of portfolio investments	(11,864,247)	(59,103,910)
Sale of portfolio investments	10,934,565	62,580,870
Disbursements on investments	(12,639,103)	(2,600,278)
Repayments of investments	2,879,668	1,093,150
Purchase of equipment on operating leases	-	(3,992,158)
Sale of equipment on operating leases	9,989,097	-
Cash flows from investing activities	<u>(700,020)</u>	<u>(2,022,326)</u>
Cash flows from financing activities		
Repayments of note subscriptions	(750,000)	(791,613)
Cash flows from financing activities	<u>(750,000)</u>	<u>(791,613)</u>
Net increase in cash	2,147,996	679,264
Cash, beginning of year	2,888,549	2,209,285
Cash, end of year	<u>\$ 5,036,545</u>	<u>\$ 2,888,549</u>
Interest paid during the year	<u>\$ 497,435</u>	<u>\$ 500,717</u>

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Status of the corporation

Saskatchewan Government Growth Fund IV Ltd. ("SGGF IV") was incorporated in December 1994 under The Business Corporations Act of Saskatchewan and has been accepted as a government administered venture capital fund under the federal government's Immigrant Investor Program ("IIP"). Under this program, SGGF IV was established to raise \$35,000,000 through a note offering. Each note is a 1 1/2% unsecured, subordinated debt instrument with a cost of \$250,000, redeemable in five years provided that 70% of the proceeds are maintained in eligible investments. SGGF IV commenced commercial operations in 1997 and achieved its minimum offering of 14 investors in May 1997. The marketing period for SGGF IV ended on March 31, 1999.

Under the terms of the Confidential Offering Memorandum ("Memorandum"), SGGF IV is required to invest in Saskatchewan based businesses which have assets, including associated companies, of less than \$35 million.

As stated in the Memorandum, the Government of Canada and the Government of the Province of Saskatchewan offer no guarantees or assurances on the financial performance of SGGF IV or of a return of an investor's original investment and neither government will be liable for any loss or damages suffered by an investor as a result of an investment in the debt instruments.

2. Significant accounting policies

The accompanying consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following are considered significant:

Consolidation

The consolidated financial statements include the accounts of SGGF IV and those of 617275 Saskatchewan Ltd. ("617275") on a proportionate basis. 617275 is an entity that is jointly controlled by SGGF IV and other SGGF fund companies. 617275 was created to be an eligible business under the guidelines of the IIP. Loans from SGGF IV to 617275 were used to purchase infrastructure-related assets that were leased to Saskatchewan Crown corporations under various operating leases. Principal and interest payments due under the loans to 617275 matched the lease payments due under the operating leases.

In December 2001 the equipment on operating leases was sold.

Portfolio investments

Government of Canada Treasury Bills, Term Deposits and Bankers' Acceptances are valued at cost. Portfolio investments in Government of Canada Bonds are valued at amortized cost, which approximates market value.

Investments

Investments include debt and equity investments in private and public companies. Investments, other than publicly traded shares, are carried at cost. Income from equity investments is recognized when received and income from debt investments is recognized as earned. The fair value of investments in private companies is not determinable and therefore has not been disclosed.

Investments in shares having quoted market values, and which are traded on a recognized exchange, are recorded at the lower of cost and average closing market price for the last 20 trading days of the year, on an individual basis. Unrealized losses in the value of investments in publicly traded shares are recorded in the Consolidated Statement of Operations and Retained Earnings, in the allowance for unrealized losses.

Investments are reviewed on a regular basis. Where impairment is identified, the exposure is compared to the estimated net realizable value of the security and, if appropriate, a provision established. An investment is considered impaired when there is no longer reasonable assurance of the timely collection of the full amount of principal and income. Income is not accrued for accounting purposes on impaired investments.

There is a clearly demonstrated intention to dispose of the investments in due course. Accordingly, investee companies over which SGGF IV has significant influence are not consolidated.

Equipment on operating leases

Equipment on operating leases is recorded at cost. When equipment is disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in the Consolidated Statement of Operations and Retained Earnings.

Equipment on operating leases is amortized over its estimated useful life on a basis that matches the principal repayments under the related loans.

Deferred costs

Deferred costs include consulting, legal, administrative, accounting, general and printing costs associated with SCGF IV's offering. Commissions paid or payable on subscriptions received have also been deferred. Deferred costs, including commissions, are amortized over five years from date of note issuance.

Commissions payable

According to the terms of marketing agreements entered into by SCGF IV, a commission is legally payable to the independent marketing agents selling the notes upon the issuance of the investor's immigrant visa.

Accrued interest payable to investors

SCGF IV accrues interest on its note subscription deposits from the date of deposit to the date of the note issuance. Investors earn interest at a rate of one and one-half percent ($1\frac{1}{2}\%$) per annum.

Obligations to investors

Obligations to investors represent the notes issued to investors of SCGF IV. Interest on notes is accrued at an annual rate of one and one-half percent ($1\frac{1}{2}\%$) from the date of note issuance until maturity. Interest is paid annually on December 31 and at maturity.

3. Provisions of the IIP

Eligible businesses

One criteria of investment is the requirement that SCGF IV invest in businesses with total assets of \$35 million or less, including associated companies.

4. Portfolio investments

Par (\$)	Issuer	Rate (%)	Maturity Date	2001	2000
				Cost (\$)	Cost (\$)
1,000,000	Govt of Canada T Bill	4.40	28/2/02	960,070	-
1,037,500	Govt of Canada T Bill	4.43	23/5/02	995,222	-
2,400,000	Govt of Canada Bond	5.75	1/6/03	2,431,520	-
1,500,000	Govt of Canada Bond	5.00	1/9/04	1,492,635	-
960,000	Govt of Canada Bond	6.00	1/9/05	984,800	-
3,500,000	CUCORP Term Deposit	2.64	9/12/02	3,500,000	3,500,000
5,934,565	Bankers' Acceptances			-	5,934,565
				<u>\$ 10,364,247</u>	<u>\$ 9,434,565</u>

5. Investments

	2001	2000
Debt	\$ 17,053,911	\$ 7,292,969
Equity	52,285	1,821,783
Provision for investment losses	-	(236,229)
	<u>\$ 17,106,196</u>	<u>\$ 8,878,523</u>

Included in investments are \$1,292,520 (2000 - \$1,073,001) of impaired investments, net of accumulated provision for losses of \$nil (2000 - \$236,229), upon which income is not accrued. During the year \$1,767,991 (2000 - \$nil) of investments and costs have been written off.

Equity investments include publicly traded shares at a cost of \$nil (2000 - \$751,844), with an aggregate market value of \$nil (2000 - \$1,162,101).

During the year, investments increased as follows:

	2001	2000
Balance, beginning of year	\$ 8,878,523	\$ 7,332,624
New investments	12,639,103	2,600,278
Repayments	(2,879,668)	(1,093,150)
Investments and costs written off	(1,767,991)	-
Net change in provision for investment losses	236,229	38,771
Balance, end of year	<u>\$ 17,106,196</u>	<u>\$ 8,878,523</u>

6. Equipment on operating leases

	2001	2000
Equipment on operating leases	\$ -	\$ 16,011,756
Accumulated amortization	-	(3,509,563)
	<u>\$ -</u>	<u>\$ 12,502,193</u>

In December 2001, 617275 sold the above equipment, net of accumulated amortization, to third party entities established for the purpose of being eligible businesses under the IIP guidelines. No gain or loss was realized on the sale and loans were extended to these entities to purchase the equipment.

7. Deferred costs

Deferred costs have been recorded net of accumulated amortization of \$1,530,393 (2000 - \$1,050,521).

8. Accounts payable and accrued liabilities

Included in accrued liabilities is a \$298,807 (2000 - \$83,064) provision for future fees payable to various investment advisors under the terms of their respective investment services agreements with SCGF IV. These amounts are payable to the investment advisors upon liquidation of their portfolio under management and upon achievement of certain performance targets.

Included in accrued liabilities is a \$214,008 (2000 - \$377,171) provision for future fees payable to the fund manager under the terms of its management services agreement with SCGF IV. This amount is based on the retained earnings of SCGF IV and payable to the fund manager only upon redemption of all notes and satisfaction of all other liabilities of the fund.

9. Obligations to investors

Notes - 1 1/2% unsecured subordinated notes.

The obligation at December 31 is:

	2001	2000
130 notes (2000 - 133 notes)	<u>\$ 32,500,000</u>	<u>\$ 33,250,000</u>

The following is the estimated redemption schedule for note repayments under the terms of the Memorandum for the year ended December 31:

2003	\$ 16,000,000
2004	16,500,000
	<u>\$ 32,500,000</u>

10. Share capital

The authorized common share capital of SGGF IV at December 31 is:

Class A common shares – an unlimited number of voting common shares. Holders of the Class A common shares are not entitled to receive dividends.

Class B common shares – an unlimited number of voting common shares. Holders of the Class B common shares are entitled to receive dividends.

The issued common share capital at December 31 is:

	2001	2000
1,000 Class A common shares	\$ 1,000	\$ 1,000

11. Financial instruments

SGGF IV's primary business is the raising of capital from immigrant investors and placing these funds in new and expanding Saskatchewan businesses. This entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SGGF IV's ability to repay its obligations to investors at maturity.

Market Risk

Market risk faced by SGGF IV is the risk that the fair value of its investments may decline due to a reduction in the anticipated earnings generated by the business in which SGGF IV invests. Some of the companies in which SGGF IV invests are dependent upon a single product or industry. SGGF IV manages these risks through careful due diligence prior to committing funds to the investment and ensuring that the overall portfolio is properly diversified across various industry sectors.

Credit Risk

Credit risk arises from the potential that an investee will fail to perform its obligations. Concentration of credit exposure may arise given that SGGF IV restricts its investments to businesses operating in Saskatchewan and therefore all investments are subject to similar economic conditions. The ability of such investees to meet contractual obligations would be similarly affected by changing economic, political or other conditions. SGGF IV conducts a thorough due diligence process prior to committing to the investment and actively monitors the financial health of its investees on an on-going basis. In addition, some investees operate in and export to other provinces or international markets thereby mitigating this risk.

Interest Rate Risk

Interest rate risk reflects the risk that SGGF IV's earnings will decline due to fluctuations in interest rates. SGGF IV manages this risk through careful monitoring and matching the duration of its portfolio investments and investments with its obligations to investors.

Liquidity Risk

Liquidity risk is the risk that SGGF IV will encounter difficulty in liquidating its investments at an amount close to fair value at the time it is required to redeem its obligations to investors. Due to the nature of some of SGGF IV's investments, the timing of cash flows from its investments may not exactly match with the payments owing under SGGF IV's obligations to investors. SGGF IV carefully monitors the duration of its investments. However, these timing differences may require SGGF IV to reduce or delay the payments owing on its obligations to investors at maturity.

Measurement Uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed quarterly and, as adjustments become necessary, they are reported in the Consolidated Statement of Operations and Retained Earnings in the period in which they become known.

Fair Value – Investments

There is no active secondary market for many of the investments in which SGGF IV invests, and the uncertainty and potentially broad range of outcomes pertaining to the future cash flows from these investments renders the calculation of a fair value with appropriate reliability impractical. The factors that impact the fair value are described above.

Fair Value – Obligations to Investors

Obligations to investors represent the capital invested by immigrant investors in SGGF IV. In addition to earning a nominal return on their capital, their investment in SGGF IV helps satisfy a portion of their visa requirements under the IIP. Each investment in SGGF IV is irrevocable, except in the case of a visa refusal, for a minimum period of five years. Therefore, no secondary market for the obligations exists. Due to the unique features associated with obligations to investors, the calculation of a fair value with appropriate reliability is impractical. The risk factors that impact the fair value of investments, as described above, will also affect the fair value of obligations to investors. Repayment of these obligations at maturity is dependent upon the value and liquidity of investments at that time.

12. Administration

Under the terms of a ten year Management Agreement, expiring in 2004, between SGGF IV and Saskatchewan Government Growth Fund Management Corporation ("SGGF Management Corporation"), SGGF Management Corporation administers the assets of SGGF IV with the assistance of various of investment advisors and a fund manager to perform fund administration and due diligence, monitoring and liquidation of investments. SGGF Management Corporation does not guarantee the financial performance of SGGF IV. All services provided to SGGF IV are charged on a fee for service basis. The breakdown of costs is as follows:

	2001	2000
Investment advisors	\$ 219,493	\$ 91,890
Fund manager fees	574,800	145,482
Fund manager profit share	(163,163)	377,171
Salaries and benefits	-	134,594
General administration	22,930	55,413
Directors fees and expenses	9,977	9,472
Legal and professional	9,877	24,951
	<u>\$ 673,914</u>	<u>\$ 838,973</u>

Included in investment advisors is a \$219,493 (2000 – \$49,992) provision for future fees payable to various investment advisors under the terms of their respective investment services agreements with SGGF IV. These amounts are payable to the investment advisors upon liquidation of their portfolio under management and upon achievement of certain performance targets.

Fund manager profit share is a (recovery of) provision for future fees payable to the fund manager under the terms of its management services agreement with SGGF IV. This amount is based on the retained earnings of SGGF IV and payable to the fund manager only upon redemption of all notes and satisfaction of all other liabilities of the fund.

13. Net change in non-cash balances related to operations

	2001	2000
Accounts receivable and accrued income	\$ (136,431)	\$ (133,914)
Deferred costs	37,500	55,000
Accounts payable and accrued liabilities	612	452,778
Commissions payable	(70,000)	(243,000)
Accrued interest payable to investors	(3,750)	3,750
	<u>\$ (172,069)</u>	<u>\$ 134,614</u>

14. Income taxes

Greater than 90% of the issued shares of SCGF IV are owned by a provincial Crown corporation. Therefore, SCGF IV is income tax exempt.

15. Commitments

The total amount of investments approved but not yet disbursed is \$1,060,046 (2000 - \$560,046).

16. Related party transactions

Included in these consolidated financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan government controlled departments, agencies and corporations with which SCGF IV is related. Account balances resulting from these transactions are included in the Consolidated Statement of Financial Position and are settled on normal trade terms.

As stated in Note 12, SCGF IV is under a ten year Management Agreement with SCGF Management Corporation. Total fees paid or payable to SCGF Management Corporation during the year amounted to \$454,421 (2000 - \$788,981).

Other transactions with related parties are disclosed separately in the financial statements and notes thereto.

17. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.



HISTORICAL COMPARISON

Saskatchewan Government Growth Fund IV Ltd.

Historical Comparison
(in thousands of dollars)

Financial Position

As at December 31

	2001	2000	1999	1998	1997
Assets					
Cash	\$ 5,037	2,888	11,621	20,793	14,743
Portfolio investments	10,364	9,435	3,500	3,500	-
Investments	17,106	21,380	18,018	11,308	-
Other assets	1,763	2,179	2,606	3,450	1,064
Total assets	<u>\$ 34,270</u>	<u>35,882</u>	<u>35,745</u>	<u>39,051</u>	<u>15,807</u>

Liabilities & Equity

Obligations to investors	\$ 32,500	33,256	34,042	37,558	15,165
Other liabilities	735	803	593	861	626
Equity	1,035	1,823	1,110	632	16
Total liabilities & equity	<u>\$ 34,270</u>	<u>35,882</u>	<u>35,745</u>	<u>39,051</u>	<u>15,807</u>

Operating Results

For the years ended December 31

	2001	2000	1999	1998	1997
Revenues					
Investment income	\$ 1,152	1,114	529	339	-
Lease revenue	3,122	2,817	1,762	309	-
Interest from cash and portfolio investments	635	747	831	576	214
Other income	29	23	228	128	-
	<u>4,938</u>	<u>4,701</u>	<u>3,350</u>	<u>1,352</u>	<u>214</u>
Provision for losses on investments	1,548	(39)	275	-	-
Net revenue	<u>3,390</u>	<u>4,740</u>	<u>3,075</u>	<u>1,352</u>	<u>214</u>

Expenses

Administration	674	839	319	257	114
Financing	3,504	3,188	2,278	479	85
Total expenses	<u>4,178</u>	<u>4,027</u>	<u>2,597</u>	<u>736</u>	<u>199</u>
Net (loss) income	<u>\$ (788)</u>	<u>713</u>	<u>478</u>	<u>616</u>	<u>15</u>

CORPORATE DATA (as at December 31, 2001)

Saskatchewan Government Growth Fund IV Ltd.
Suite 1800 - 1874 Scarth Street
Regina, Saskatchewan, Canada S4P 4B3
Phone: (306) 787-2994 Fax: (306) 787-2086
Email: sggf@crowncapital.ca

Board of Directors

Wilson Olive, Chair
Lawyer
Regina, Saskatchewan
Darrel Cunningham
Farmer
Lintlaw, Saskatchewan

Joanne Forer
Businesswoman
Melfort, Saskatchewan

Gordon Mertler
Businessman
Regina, Saskatchewan

Keith Rissling
Businessman
Saskatoon, Saskatchewan

Grant Scharfstein
Lawyer
Saskatoon, Saskatchewan

Officers

Wilson Olive, Chair
Gary Benson, President

Fund Manager

Crown Capital Partners Inc.
Brian Johnson, Managing Partner
Gary Benson, Partner Responsible for SGGF
Chris Anderson, Partner
Rob Duguid, Partner
Chris Johnson, Partner
Alan Rowe, Partner
Chris Selness, Partner
Stephan von Buttlar, Partner

Suite 1800 - 1874 Scarth Street
Regina, Saskatchewan, Canada S4P 4B3
Phone: (306) 546-8000 Fax: (306) 546-8009
Email: ccp@crowncapital.ca

Auditors

Deloitte & Touche
Chartered Accountants
900 - 2103 11th Avenue
Regina, Saskatchewan S4P 3Z8

Banker

Bank of Montreal
1800 Scarth Street
Regina, Saskatchewan S4P 2G3

Distribution Agents

Nexus Marketing Corporation
5th Floor, 191 Lombard Avenue
Winnipeg, Manitoba R3B 0X1

Cornwallis Financial Corporation
5475 Spring Garden Road, Suite 303
Halifax, Nova Scotia B3J 3T2

Investment Advisors

Prairie Financial Management
2nd Floor, 1919 Rose Street
Box 202
Regina, Saskatchewan S4P 3A1

Patterson Capital Corporation
Box 302
16 Lott Road
White City, Saskatchewan S0G 5B0

Legal Counsel

McDougall Gauley
Suite 700 - 2010 11th Avenue
Regina, Saskatchewan S4P 0J3

Trustee and Transfer Agent

CIBC Mellon Trust Company
One Lombard Place
Suite 750
Winnipeg, Manitoba R3B 0X3

Big Sky Farm Inc.

Wade Winchell

Agri-Trust Inc.

Pelee Farming & Research Ltd. / Pelee Exploration Ltd.

